

6 Public goods and inequality – Part 2

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)
public good	公共物品	_____
free-ride	搭便车	_____
Lorenz curve	洛伦兹曲线	_____
Gini coefficient	基尼系数	_____

Recall

In Part A you met externalities. Now two more reasons markets need help:

- Some things (like street lighting) would never be provided by a shop.
- Market incomes can be very unequal.

Each idea has a worked example before the Practice.

New ideas

■ 1 Rival and excludable

Goods differ in two ways: is one person's use at another's expense (**rival**), and can non-payers be kept out (**excludable**)?

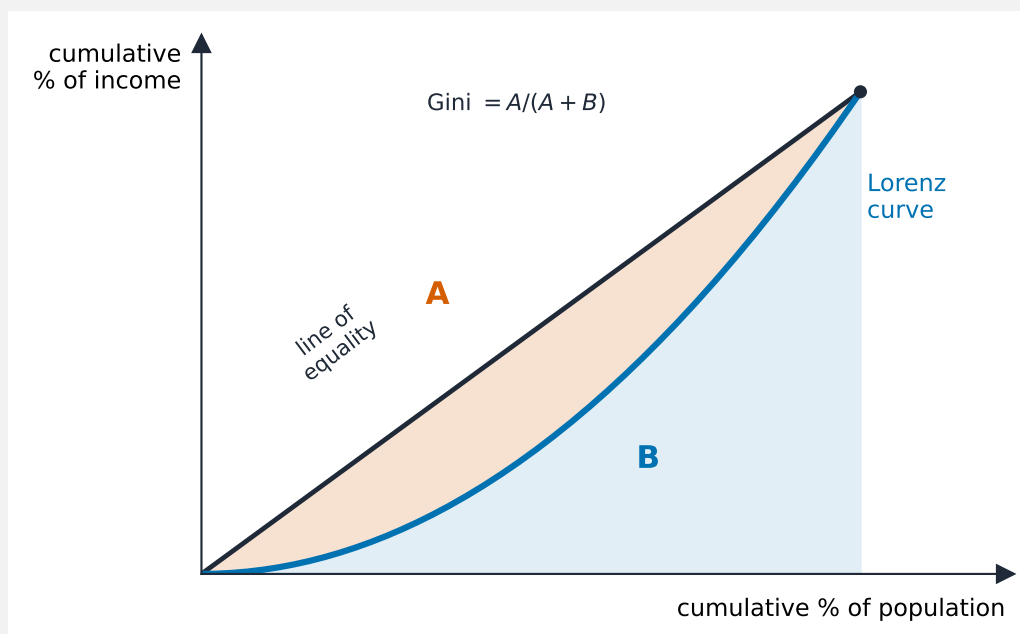
	Excludable	Non-excludable
Rival	Private good food, clothes	Common resource ocean fish, air
Non-rival	Club good cinema, toll road	Public good street light, defence

■ 2 Public goods

A **public good** 公共物品 is **non-rival** and **non-excludable** (national defence, street lighting). Since non-payers cannot be excluded, people **free-ride** 搭便车, so markets **under-provide** it –and government usually supplies it.

■ 3 Measuring inequality

Market incomes can be very unequal. The **Lorenz curve** 洛伦兹曲线 plots the share of income against the share of population; the further it bows from the diagonal, the more unequal.



■ 4 The Gini coefficient

The **Gini coefficient** 基尼系数 summarizes this in one number: 0 means perfect equality, 1 means perfect inequality.

Watch out: a **public** good is not just any good the government provides –it must be **non-rival and non-excludable**. A public hospital’s beds are rival (one patient’s use blocks another’s), so healthcare is not a pure public good.

Practice

Try these in order. The methods are all above.

2.1 State the two features that define a public good. [2]

2.2 Explain why markets under-provide public goods (use the idea of free-riding). [2]

2.3 Give one example of a public good. [1]

2.4 State what a Gini coefficient of 0 and of 1 each mean. [2]

2.5 State what a Lorenz curve that bows far from the diagonal tells you. [1]
